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SUBJECT: PERUVIAN PRIVATE SECTOR GEARS UP FOUR-WEEK INFORMATION CAMPAIGN TO PROMOTE THE PERU TRADE PROMOTION AGREEMENT

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(d)

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SUMMARY  
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¶1. (S) A marketing consultant hired by top Peruvian business sector leaders to design and implement a four-week public information campaign to promote the Peru Trade Promotion Agreement (PTPA) provided a briefing to the Ambassador and Emboffs on 4/6. The consultant explained that the campaign will begin on 4/25 and run through 5/19. It will be based on the slogan "TLC Ya" ("FTA Now") and has been fashioned to address the public's ignorance and misperceptions of the PTPA, based on insights obtained from a private poll carried out by the Apoyo consultancy and 30 focus groups run throughout Peru among the C-E sectors (lower-middle class through destitute - 88 percent of the population). "TLC Ya" will feature TV spot ads, TV and radio news reports and newspaper coverage. The consultant emphasized that there is little understanding among the Peruvian public of the potential impact of the Andean Trade Promotion and Drug Eradication Act's (ATPDEA) termination, and noted that addressing that knowledge gap would be a key focus of the first week of the campaign. He strongly recommended that the USG continue to send clear signals that ATPDEA will not be extended so that the Peruvian general population understand that it is PTPA or nothing. He said that the private sector has concluded that the second round of presidential elections will not come until May 28 at the earliest, and perhaps as late as June 4, which would put a Peruvian Congressional vote on the PTPA in June. These assumptions shaped the thinking on timing of their campaign.  
End Summary

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POLL AND FOCUS GROUPS RAISE CONCERNS  
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¶2. (S) The consultant provided the Ambassador with a copy of Apoyo poll results dated 3/19, which showed only 28 percent approval of the PTPA, with a 32 percent disapproval rating nationwide, and 35 percent answering they did not know about the accord. (Comment: The Apoyo poll puts support

substantially lower than Datum polls which register 53 percent approval. We are analyzing why this is so. End Comment.) 30 focus groups were carried out in Lima, Piura, Chiclayo, Arequipa and Huancayo, consisting of men and women 18-60 years of age, all from the C-E social groups, which revealed the following lines of thought:

-- Great lack of understanding of the PTPA: Although many participants said they had heard of the PTPA, few could describe accurately what it really is. Descriptions ran from a relatively accurate & an agreement between two governments (but without details) to an agreement for Peruvians to export only to the US.

-- Logic of the Loser: Many participants felt "little Peru" had no chance when dealing with the US. There was a feeling expressed that the US would buy up the best products and leave only the lowest quality for the Peruvian domestic market. "The US will buy up our products to re-sell them to other countries," was another line of thought.

-- The US has a secret agenda: "The US will never lose" and they are going to take our raw materials and send us more expensive finished goods," were common complaints.

-- Why such a hurry? There was widespread questioning of why the Toledo government was in such a hurry to sign the PTPA, with the lingering suspicion that Toledo was pushing for ratification so he could get a commission from the USG before he left office.

-- The good with the bad: "We want to know the truth, the good with the bad," was one strong sentiment identifiable in the focus groups.

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#### ADDRESSING CONCERNs AND CONSEQUENCES OF NO PTPA

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¶3. (S) The consultant explained that his recommended publicity campaign would use TV ads already produced by the Foreign Trade Ministry (MINCETUR), which have not been aired because of restrictions on GOP advertising during the election campaign restrictions. The MINCETUR TV spots show export success stories, including small and micro-enterprises. The private sector ad campaign will go beyond them to inform the public about the details of the PTPA and the consequences of ATPDEA ending without a new, replacement agreement. The consultant said that the MINCETUR TV ads were good, but based on a mistaken premise that most Peruvians understood the basic concept of a free trade agreement. Thus, they focus only on the benefits of the PTPA, and do not address suspicions and gaps in understanding. Because of this, the ads are often perceived as manipulative and not convincing. The low public acceptance of the Peruvian Government and business sector also led test audiences to discount the MINCETUR message.

¶4. (S) The consultant continued that the business sector's nationwide campaign would:

-- Be run in the name of the CENI, the private sector group formed by MINCETUR to monitor and participate in the PTPA negotiations.

-- Feature more rural spokespersons, to identify with the C, D and E social groups and avoid being labeled as a Lima/big business effort.

-- Use the slogan "TLC Ya!" to emphasize that the PTPA is needed now, in order to head off problems when the ATPDEA ends.

-- Include considerable background on ATPDEA and why it is essential to have a replacement agreement in place when ATPDEA ends. "There is no return to a status quo ante, there

will just be no trade preferences."

-- Focus on TV and radio news and weekly magazine programs, because they have reach and credibility. The owners of the four largest TV networks were in favor of the PTPA and willing to help, as were most of their key on-air journalistic personalities. The TV news and weekly magazine programs would feature information on the PTPA several times a week.

-- RPP radio, Peru's largest radio network, would run daily 6-7 minute morning programs with basic information and interviews with local export success stories. Local radio stations in major cities would also run daily morning "TLC 2006" programs with about 12-15 minutes of information and views on the PTPA.

-- Business groups would place pro-PTPA ads in newspapers with large readership in the B, C, D and E social groups, and pamphlets would be produced and distributed targeting the same social groups.

¶5. (S) The consultant said that the campaign needed only two things from the USG and the Embassy:

-- Continued high-level USG statements that ATPDEA will definitely end on December 31, 2006, and that there is no way it would be extended.

-- Assistance in arranging interviews for Peruvian TV in Washington with USG spokespersons, Senators and members of Congress to repeat the ATPDEA-is-ending messaged.

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COMMENT

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¶6. (S) The private sector ad campaign will play a vital role in generating public acceptance for Peru's ratification of the PTPA. It can also exercise positive influence in the ongoing presidential election campaign, where ultra-nationalist "outsider" candidate Ollanta Humala, who opposes the PTPA, will contend in a second-round run-off with either Lourdes Flores or Alan Garcia, both of whom support the free trade agreement with the U.S. We agree with the consultant that a consistent USG position that ATPDEA will end on 12/31/06 is essential to maintain momentum for PTPA ratification here. PAS is providing assistance in arranging the interviews requested for the campaign. END COMMENT.

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